University: UNIVERSITY OF ARIZONA

SPECIAL PROGRAM FEES REQUEST

College/School: College of Architecture and Landscape Architecture
& Eller College of Management

Program: Executive Masters in Real Estate Development

Is this a graduate or an undergraduate program fee?

GRADUATE PROGRAM X UNDERGRADUATE PROGRAM □

Is this a new fee or an increase to an existing fee?

NEW FEE X Amount requested: $ 41,000 fixed price

EXISTING FEE □ Current Fee: $ __________ Requested Fee: $ __________

BACKGROUND: Include information concerning the establishment of the fee, history of increases (if any), references to policy, and the campus review/approval process.

The EMRED degree will be offered jointly by the College of Architecture and Landscape Architecture and the Eller College of Management with participation by the Rogers College of Law. The EMRED is modeled after the highly successful University of Arizona Executive MBA program and is proposed as a classic “executive-type” program focusing specifically on the training of experienced professionals already working within the real estate development industry. The curriculum is a 14-month, part-time program with classes meeting every other weekend, making it the only part-time program in the nation. The ability of students to pursue the EMRED while maintaining full-time employment will serve as a major recruitment tool. The EMRED program will be offered off the U.A. Tucson campus, in a location yet to be determined, but most likely in Scottsdale, downtown Phoenix, or Chandler.

The EMRED curriculum pulls from a diverse set of disciplines essential to success in the real estate development industry including finance, marketing, architecture, landscape architecture, planning, and law. EMRED graduates will reenter the industry with advanced occupational knowledge and leadership skills needed to effectively address the financial, legal, social, and environmental issues and opportunities in the professional practice of property investment, development and management.

DISCUSSION: Include in the discussion how the request is covered under the ABOR policy statement and adopted criteria for evaluating requests for fees for academic programs. Also, indicate the number of students affected and the financial impact of the request.

I. REQUEST

It is requested that the proposed Executive Master of Real Estate Development (EMRED) program operate as a fixed price program fee whereby all students, whether resident or nonresident, pay a fixed price (inclusive of all tuition and fees) for the entire 14-month program. 25 students would be affected.
II. DISCUSSION AND RATIONALE

The rationale for application of an EMRED fixed price program fee is based on several factors listed below:

A. Higher Cost of Course Delivery
   The delivery of the EMRED curriculum will require markedly higher than university average expenditures, including: 1) low student-faculty ratios, 2) intimate, studio-based teaching environment and use of personalized teaching methods, 3) relatively high-cost of salaries of highly experienced and distinguished faculty and staff from the financial, marketing, and design disciplines, 4) inclusion of a research-based, real-life case studies where students gain a full comprehension of and appreciation for the many different facets of the real estate profession, 5) required high level of instructional technology, computer hardware and software, and library resources, and 6) ongoing development of partnerships with the real estate industry throughout the country.

B. Flexible Program Schedule
   The University of Arizona EMRED program will be the only part-time executive program in real estate development offered in the United States. The opportunity for students to complete the degree while remaining fully employed will prove a highly attractive option and thus gain a competitive edge for the program in student recruitment on a national and international basis. The innovative curricular structure of the degree allows for the degree to be completed in 14 months, only 2 months more than the accelerated versions offered by peer institutions that require full-time enrollment for 12 to 24 months.

C. High Quality Learning Experience
   The EMRED program has been designed to provide experienced professionals with a high quality learning experience supported by nationally renowned faculty, individualized curriculum, and direct access to the real estate industry throughout the nation. The degree is offered by nationally ranked programs in business, architecture, landscape architecture, and law. Revenue from program fees will be invested in the following specific program quality areas: a) faculty, b) curriculum, c) facilities, d) career advising, and e) student services (see below).

D. High Employment Prospects and Increased Earning Potential
   Graduate education in real estate development can lead to enhanced employment possibilities and higher earning potential that are demonstrably worth the higher price. The unique nature of the University of Arizona EMRED curricula, high quality learning experience, and direct access of graduates to the real estate industry will provide a basis for later employment opportunities and earning potential that justifies the special program fee to the student. Real estate development professionals traditionally earn substantially higher salaries than the average for those who earn a graduate degree. The median salary for real estate development managers is $95,000 with the median salary for a commercial real estate executive at $208,394.

The current economic recession has hit the real estate and construction industry deeply causing many to exit the industry to seek opportunities in other fields. This trend will lead to a shortage of experienced and highly educated real estate development professionals at the
very time the development industry is predicted to begin a recovery. While the real estate
development industry has slowed during the current recession, predictions are for a world-
wide building boom between now and 2040. Population growth in the U. S. will translate
into 464 billion square feet of new construction for a total investment of $60 trillion. The
population of Arizona is predicted to double by 2040 leading to 650 million square feet of
new construction in Tucson alone for a total investment of $250 billion. The first University
of Arizona EMRED graduates are anticipated to enter the workforce in 2011 or 2012, just
when the upswing is predicted to begin. EMRED graduates are expected to be highly sought
after then and for the foreseeable future in Arizona and throughout the world.

E. Market Pricing
The EMRED fixed price is comparable to the student cost for similar units at peer institutions
tuition and thus, appropriate to the market level nationally (see below). The EMRED will be
truly unique within the marketplace of real estate development programs. It will be one of
only four universities in the country, both public and private, that combine courses from the
financial as well as design and planning disciplines. Most significantly, it will be the only
part-time executive program in real estate development offered in the nation.

EMRED will attract students from around the nation and the world. Due to the small number
of comparable programs, prospective students will be considering programs offered by both
public as well as private universities. Thus, comparative analysis of tuition and fees has
included both University of Arizona public university peers as well as other peer institutions,
both public and private, that offer master of real estate development degrees. Analysis of the
2009-10 tuition and fees of universities, both public and private, offering real estate
development programs and the proposed University of Arizona EMRED tuition and fees in
the median range. Please note table below.

<table>
<thead>
<tr>
<th>Peer Institutions</th>
<th>Program Type</th>
<th>Duration</th>
<th>Total Cost 2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cornell U.</strong></td>
<td>Full-Time</td>
<td>24-month</td>
<td>$75,500</td>
</tr>
<tr>
<td>Clemson U.</td>
<td>Full-Time</td>
<td>24-month</td>
<td>$51,000</td>
</tr>
<tr>
<td>*U.Arizona</td>
<td>Part-Time</td>
<td>14-month</td>
<td>$41,000</td>
</tr>
<tr>
<td>**Mass.Inst.Tech</td>
<td>Full-Time</td>
<td>12-month</td>
<td>$36,510</td>
</tr>
<tr>
<td>**U.So.California</td>
<td>Full-Time</td>
<td>12-month</td>
<td>$31,730</td>
</tr>
<tr>
<td>Arizona State U.</td>
<td>Full-Time</td>
<td>8-month</td>
<td>$31,975</td>
</tr>
<tr>
<td>*U.Washington</td>
<td>Full-Time</td>
<td>24-month</td>
<td>$26,854</td>
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<tr>
<td>*U.Maryland</td>
<td>Full-Time</td>
<td>12-month</td>
<td>$20,059</td>
</tr>
<tr>
<td>*Texas A&amp;M</td>
<td>Full-Time</td>
<td>18-month</td>
<td>$14,995</td>
</tr>
</tbody>
</table>

NOTE: Costs above are pro-rated based on length of program.
*University of Arizona Peer, **Private Institution

F. Financial Impact of the Request on Revenue
The new fee on this expensive new executive program will generate $878,571 in revenue
next year.

**RECOMMENDATION:** The recommendation should be specific, clear, and concise.
We recommend that the Arizona Board of Regents approve a fixed price program fee of $41,000
for the Executive Master of Real Estate Development Program whereby all students, resident and
nonresident, pay a fixed price (inclusive of all tuition and fees) for the entire 14-month program.
Proposed EMRED Investment Budget

College of Architecture & Landscape Architecture

Exec. Masters Real Estate Program - 14 Mo. Weekend Format - 1st Cycle

(Friday 8 hours/Sat. 8 hours - every other weekend)

Pro Forma Statement - Program beginning Fall (Oct.) 2010

Projected Enrollments: 1st (14 Mo.) Program @ 25 students; 2nd (14 Mo.) Program @ 40 students

<table>
<thead>
<tr>
<th>No. fte</th>
<th>Enroll</th>
<th>Revenue</th>
<th>Expend.</th>
<th>TOTALS</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$41,000</td>
<td></td>
<td>$1,025,000</td>
</tr>
</tbody>
</table>

REVENUES ($41,000 tuition)

less admin. fees - Provost 6% + Credit Card fee 3% (Total 9%)  
- $392,250

less Outreach admin. fee (30% x base $8,300 x 25 students)  
- $62,250

TOTAL Net Revenues  
$870,500

FIXED COSTS

- Project Manager, Real Estate (Recruit, facil. Mgr. - $65k@1.0 fte)  
  0.50  
  $32,500  
  $62,290 *

- Academic Director, Real Estate (Secondary title - faculty)  
  0.20  
  $16,000  
  $22,667 *

- Development Officer, Real Estate $46k@1.0 fte)  
  0.15  
  $6,900  
  $9,775 *

- ERE (27.3%)  
  $25,862

- Business Manager, Real Estate ($46k @ 1.0fte)  
  0.50  
  $23,000  
  $32,583 *

- Administrative Assistant (for Business Mgr. & Project Mgr.)  
  0.50  
  $16,000  
  $22,667 *

- IT Support  
  0.25  
  $10,000  
  $13,333 *

- ERE (41.1%)  
  $28,188

- Faculty - (2 @ Suppl. Comp. per weekend - $100 per hour x 16 hrs x 28 wknds)  
  $89,600

- ERE (27.3%)  
  $24,461

- Curriculum development - case studies (grad. Students - pay by grant)  
  $0

- ERE (36.6%)  
  $0

- Guest Speakers - 6 @ ($600 airfare + $150 hotel +(150* 8 hours)  
  $11,700

- Consultant - Advertising (Independent Contract Svcs.) periodicals, brochures, etc.)  
  $60,000

- Instructors’ driving (bonus - $150 x 28 trips x 2 instructors per wkend  
  $0

- Instructors’ lodging ($100 x 2 instructors per wkend x 28 wkends)  
  $5,600

- Instructors’ per diem ($60 x 2 instructors per wkend x 28 wkends)  
  $3,360

- Room rental for Executive Masters classroom -Chandler = $50.00  
  $0

- Instruct mi. reimb. (220 miles x .445 cents x 28 wkends x 2 instruct )  
  $5,483

- Project Manager, Travel  
  $5,000

SUB-TOTAL FIXED COSTS  
$422,567

VARIABLE COSTS

- Instructor Materials ($50 per student)  
  25  
  $50  
  $1,250

- Software - (COSTAR, etc...)  
  25  
  $1,200  
  $30,000

- Books (per student)  
  25  
  $350  
  $8,750

- Meals- dinner Friday night/lunch both days ($1,228 total per student)  
  25  
  $1,228  
  $30,700

SUB-TOTAL VARIABLE COSTS  
$70,700

TOTAL COSTS  
$493,267

Over/Short Revenues  
$377,233

* 1.0 fte prorated for inaugural program hire date.

NOTE: Administrative Fees include: 6% Provost admin. fee + 3% credit card fee + $2,490 Outreach fee (30% base tuition or 30% x $8,300 expected 2010/11 base)

UA 2010-11 Program Fee College of Architecture and Landscape Architecture, EMRED